TREATIES AND OTHER INTERNATIONAL ACTS SERIES 9678

ECONOMIC ASSISTANCE

Loan and Grant

Agreement Between the
UNITED STATES OF AMERICA
and TURKEY

Signed at Ankara January 28, 1980

NOTE BY THE DEPARTMENT OF STATE

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TURKEY

Economic Assistance: Loan and Grant

Agreement signed at Ankara January 28, 1980;
Entered into force January 28, 1980.

ASSISTANCE AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE REPUBLIC OF TURKEY

Agreement, dated the twenty-eighth day of January, 1980, between the Government of the Republic of Turkey ("Turkey") and the United States of America, acting through the Agency for International Development ("A.I.D."), together referred to as the "Parties".

WHEREAS, the Government of the United States, acting through the Agency for International Development, is desirous of supporting the Government of the Republic of Turkey's efforts to stabilize its economy;

NOW, THEREFORE, the Parties hereto agree as follows:

ARTICLE I

THE ASSISTANCE

A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended,[1] agrees to grant to Turkey under the terms of this Agreement not to exceed thirty-five million United States Dollars ($35,000,000) (the "Grant") and to lend Turkey, under the terms of this Agreement, not to exceed sixty-three

[1] 75 Stat. 424; 22 U.S.C. § 2151 note.

million United States Dollars ($63,000,000) (the "Loan") for balance-of-payments financing to support and promote the financial stability and economic recovery of Turkey. The aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan and Grant together are referred to as the "Assistance".

ARTICLE II

LOAN TERMS

Section 2.1. Interest.

Turkey will pay to A.I.D. interest which will accrue at the rate of five percent (5 percent) per annum following the date of disbursement of the Loan on the outstanding balance of the Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date of disbursement (as defined in Section 4.2) and will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after disbursement of the Loan.

Section 2.2. Repayment.

Turkey will repay to A.I.D. the Principal under the Loan within twenty (20) years from the date of disbursement of the Loan in thirty (30) approximately equal semi-annual installments of Principal and interest. The first installment of Principal will be payable four and one-half (4-1/2) years after the date on which the first interest payment is due in accordance with Section 2.1. A.I.D. will provide Turkey with an amortization schedule in accordance with this Section after disbursement of the Loan.

Section 2.3. Application, Currency, and Place of Payment.

All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as

A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D. C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

Section 2.4. Prepayment.

Upon payment of all interest due, Turkey may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

Section 2.5. Termination on Full Payment.

Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of Turkey and A.I.D. under it will cease. However, with respect to any obligation arising out of the disbursement of Grant funds, this Agreement will remain in full force and effect.

ARTICLE III

CONDITIONS PRECEDENT TO DISBURSEMENT

Section 3.1. Disbursement.

Prior to disbursement under the Assistance, Turkey will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(A) An opinion of the Chief Legal Advisor of the Ministry of Finance that this Agreement has been duly authorized, or ratified by, and executed on behalf of Turkey, and that it constitutes a valid legally binding obligation of Turkey in accordance with all of its terms; and

(B) A statement of the name of the person holding or acting in the office specified in Section 6.2.

Section 3.2. Notification.

When A.I.D. has determined that the conditions precedent specified in Section 3.1. have been met, it will promptly notify Turkey.

Section 3.3. Terminal Date for Conditions Precedent.

If all the conditions specified in Section 3.1. have not been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to Turkey.

ARTICLE IV

DISBURSEMENTS

Section 4.1. Deposit of Disbursements.

After satisfaction of conditions precedent, at the written request of Turkey, A.I.D. will deposit the Grant and/or the proceeds of the Loan, in a bank or banks in the United States designated in writing by Turkey.

Section 4.2. Date of Disbursement.

Disbursement by A.I.D. will be deemed to occur on the date(s) the Grant and the proceeds of the Loan are deposited by A.I.D. in (are disbursed by A.I.D. to) the bank or banks designated pursuant to Section 4.1.

Section 4.3. Terminal Date for Requesting Disbursement.

Except as A.I.D. may otherwise agree in writing, the terminal date for requesting disbursement of the Grant and the Loan proceeds shall be six months from the date of this Agreement.

ARTICLE V

USE OF FUNDS

Section 5.1. Turkey agrees that the Assistance will be used for balance-of-payments financing and will not be used for financing military requirements of any kind, including the procurement of commodities or services for military purposes.

ARTICLE VI

MISCELLANEOUS

Section 6.1. Communications.

Turkey undertakes to provide to A.I.D. such information relating to the economic and financial situations and related problems of Turkey as may be necessary. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To Turkey:

Ministry of Finance
Government of the Republic of Turkey
Ankara, Turkey

To A.I.D.:

Director
Office of Project Development
Near East Bureau
A.I.D.
Washington, D. C. 20523

All such communications will be in English, unless the Parties otherwise agree in writing. Other addressees may be substituted for the above upon the giving of notice. Turkey, in addition, will provide the U.S. Embassy in Ankara with a copy of each communication sent to A.I.D.

Section 6.2. Representatives.

For all purposes relevant to this Agreement, Turkey will be represented by the individual holding or acting in the office of Minister of Finance and A.I.D. will be represented by the U.S. Ambassador, each of whom, by written notice, may designate additional representatives. The names of the representatives of Turkey, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by

such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

IN WITNESS WHEREOF, the Republic of Turkey and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the date and year first above written.

FOR THE UNITED STATES OF AMERICA:

Robert S. Dillon
Charge d'Affaires a.i.

FOR THE REPUBLIC OF TURKEY:

Turan Kivanc
Undersecretary of Finance

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